



American College of
Osteopathic Family Physicians

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WAYS AND MEANS

2003 MAY 31 AM 11:38

2002 June 4th

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May 20, 2002

The Honorable William Thomas
Chairman, Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thomas:

As President of the American College of Osteopathic Family Physicians (ACOFFP) I am pleased to support the proposal you drafted to provide immediate relief to physicians and other health care providers affected by the current and projected reductions in the Medicare physician payment update. Approval of legislation to correct the physician payment update is a top priority for the ACOFFP.

As you are well aware, our members have coped with the dramatic 5.4% reduction in reimbursements since January 1st. While this sudden reduction has a significant impact upon our members, it is nothing compared to the potential reductions they face over the next three years. The impact of the 5.4% reduction is felt across the nation as physicians are forced to reduce that portion of their practices spent caring for Medicare beneficiaries, creating access problems for our nation's seniors.

We are confident that your proposal will prevent the looming reductions from taking effect. Additionally, your proposal provides adequate time for Congress to develop, test, and implement a new formula for physician reimbursement under the Medicare program. We are especially pleased that you addressed the errors made to the baseline by including data continually omitted by the Centers for Medicare and Medicaid Services (CMS). There were numerous factors leading to the current reduction, but in our opinion the baseline errors were the most avoidable. CMS refuses to correct these errors in the projection factors from 1998 and 1999. These mistakes continue to impact the physician payment update today.

Besides resetting the baseline, your proposal also provides an increase of 2% for physicians in 2003 and the potential for equal increases in 2004 and 2005. We are appreciative of your intentions to restore financial resources to physicians participating in the Medicare program. We view this as a commitment by you and the Committee to ensure that physicians are not forced to choose between caring for their Medicare patients or the financial solvency of their practices.

We also are pleased that you have taken steps to remove the volatility in the current formula by altering the use of the gross domestic product (GDP) by implementing a ten-year GDP rolling average. This will allow for more predictability and help prevent sudden reductions that mirror the economic climate. As you know, the need for health care does not decrease with the economy.

In closing, it is our intention to continue pressing the Administration and especially CMS to make permanent corrections to the baseline. It is our opinion that correcting the 1998 and 1999 projections will strengthen your legislative proposal and make it easier for long-term solutions to be agreed upon.

Mr. Chairman, thank you for making this issue a top priority for the Committee. The ACOFP and the 21,000 osteopathic family physicians we represent, stand ready to assist you. Please do not hesitate to call upon the ACOFP or our members for assistance in this effort. Contact Shawn Martin, Director of Government Affairs at (202) 414-0147 for additional information.

Sincerely,

Handwritten signature of Kieren P. Knapp in cursive script.

Kieren P. Knapp, D.O., FACOFP
President

C: The Honorable Nancy Johnson, Chairwoman, Ways & Means Health Subcommittee
ACOFP President-Elect
ACOFP Board of Governors
ACOFP Executive Director
Chairman, AOA Council on Federal Health Programs
Director, AOA Department of Government Relations